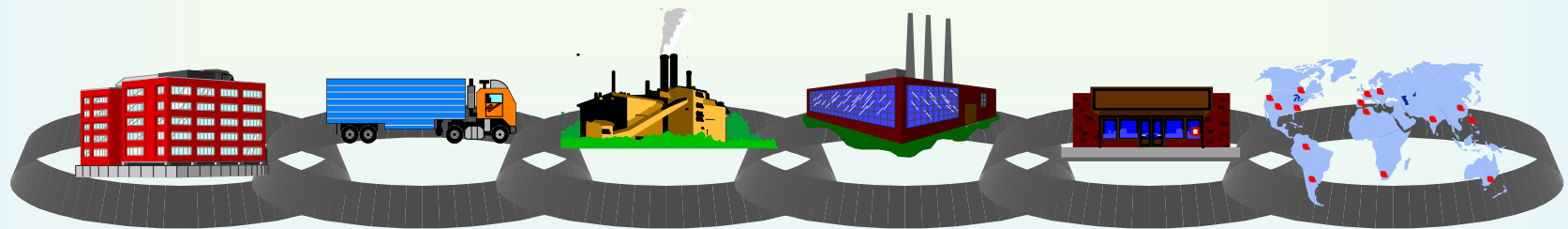


Department of Defense: A Case for Med Surg Data Synchronization and Product Data Utility (PDII)



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Suppliers Transportation Manufacturers Distributors Retailers Consumers

Synchronizing the Federal Medical Supply Chain

Today's Presentation

➤ What is Data Sync and the PDU?

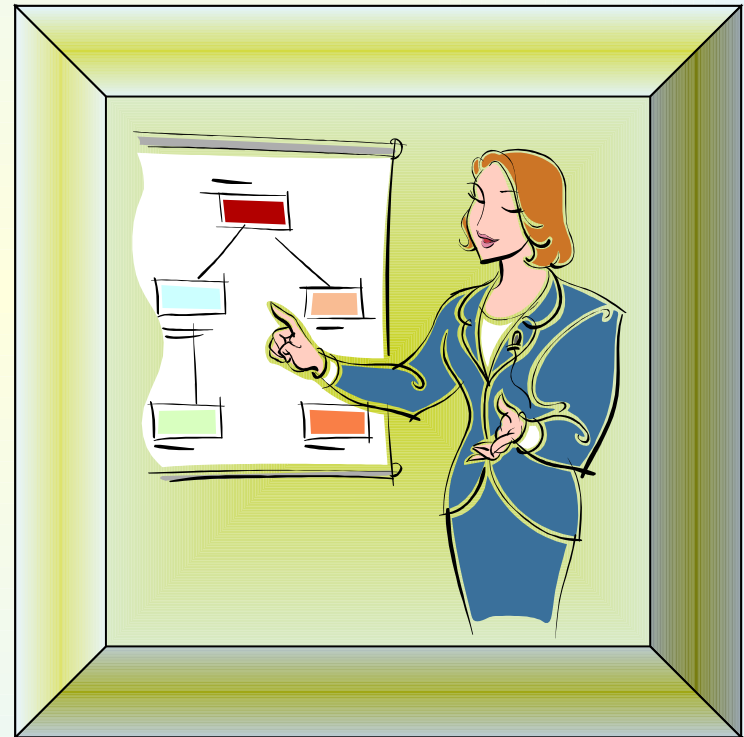
➤ Why DoD and Data Sync?

- DoD Goals
- Federal Working Group
- Partnering with Industry
- The Pilot PDU

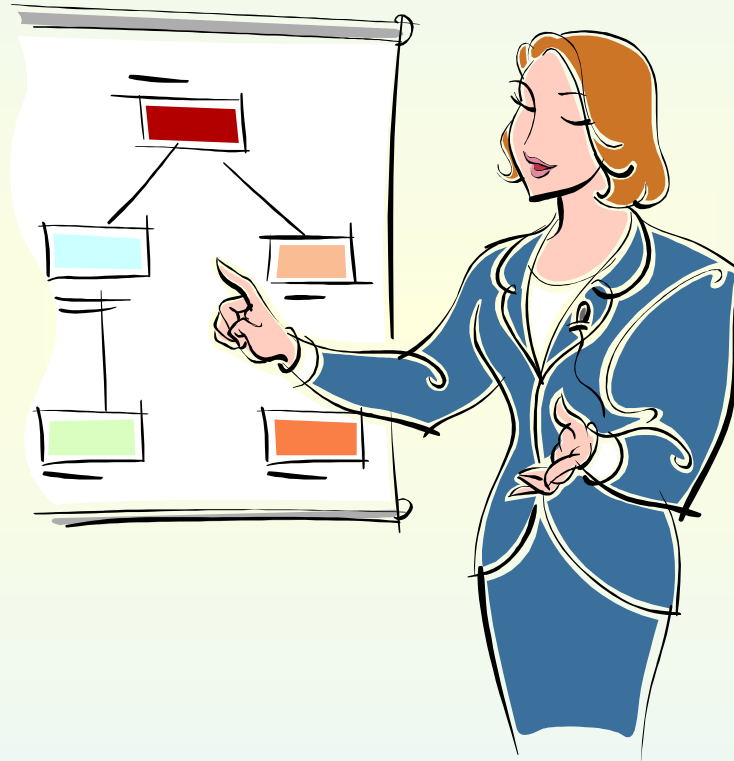
➤ Customer Expectations

➤ The Cost of Bad Data

➤ What's the Message?

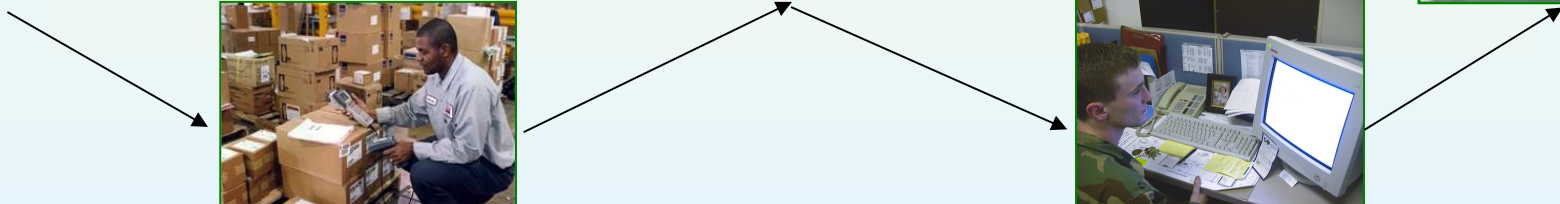
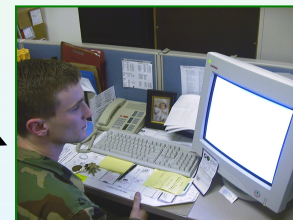


What is Data Sync and the PDU?



Data Synchronization

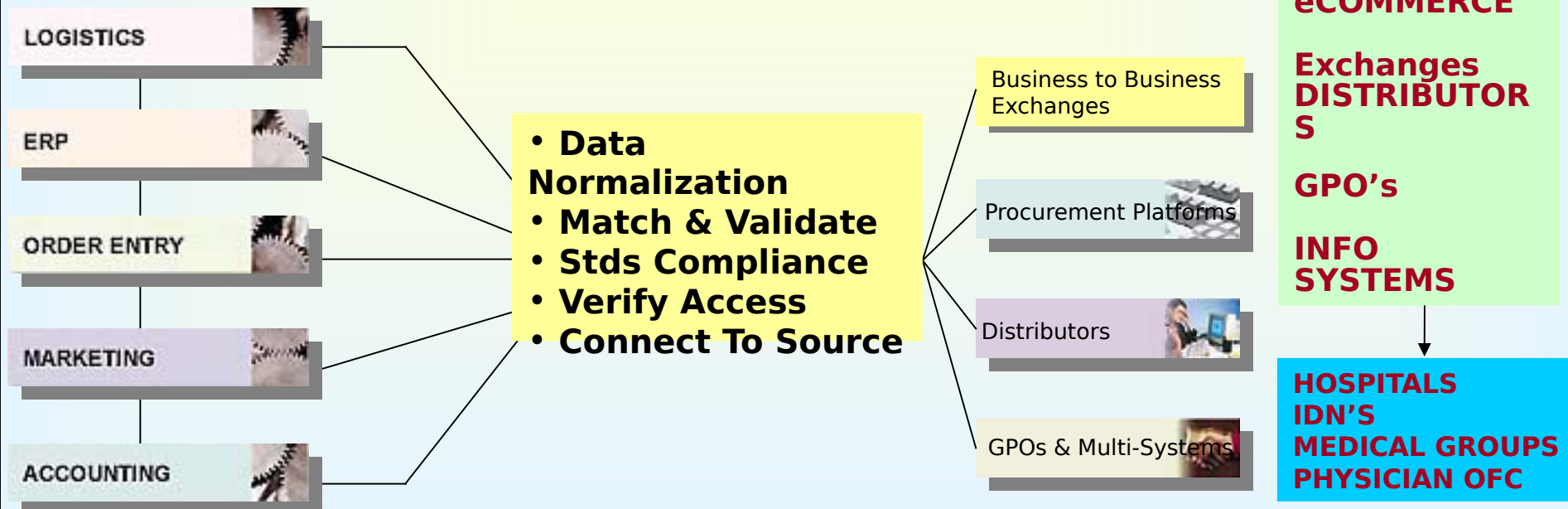
- What is Data Synchronization?
 - Establishment of standard data elements
 - Transaction-related
 - Med/Surg focused
 - Centrally-maintained – Product Data Utility (PDU)
 - Propagation of standard elements throughout systems



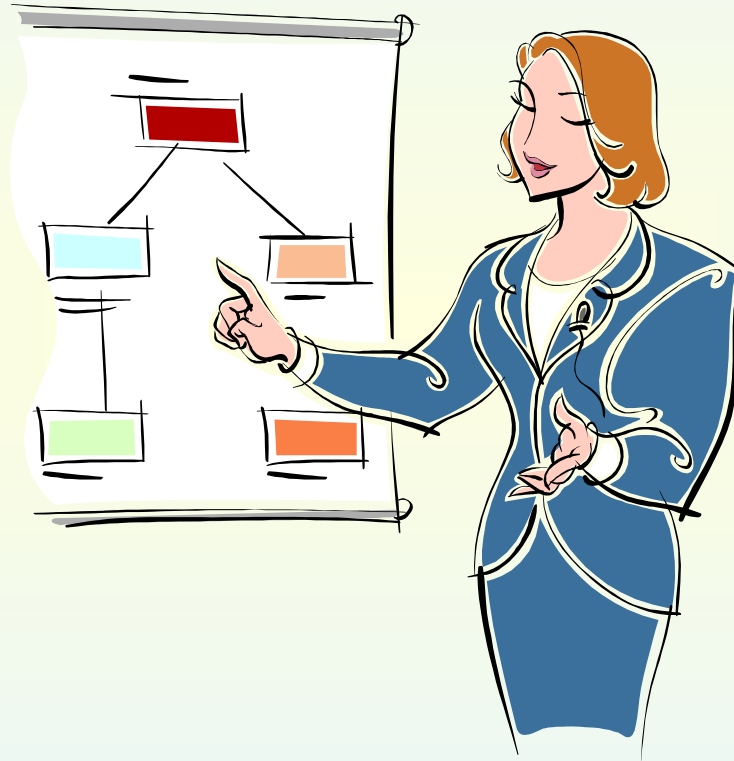
What is a Product Data Utility?

- Interconnects trading partners across the supply chain
- Synchronizes core product data to standard specifications
- Distribute standardized product data from manufacturers and distributors to data aggregators and end-users.
- Modeled after common utilities in other verticals (automotive, electrical, retail, etc.).

Manufacturers



Why DoD and Data Sync?



DOD Business Case for Data Sync

- Improve Contingency/Wartime Operations Responsiveness
- Improve Supply Chain Efficiencies in Peacetime Operations
- Reduce Cost of Healthcare Delivery in DoD



The Challenge in Supporting Military Forces

- New Items Entering Marketplace and Gaining Market Share
- Obsolete Items Leaving Marketplace - Limited or Not Available
- Changes in Part Numbers
- Manufacturer Naming Disconnects
- Part Number Disconnects
- Packaging Disconnects



A Real-Life Example:

USS Comfort Hospital Ship Operation Iraqi Freedom

- DSCP was given 7 calendar days (**3 ½ Business Days**) to outfit a 1,000 bed floating hospital
- Medical/Surgical items ordered with varying descriptors, identifiers, etc.
 - Many Undecipherable Product IDs
 - Many Obsolete Product IDs
- Resource-intensive cross-referencing for equivalents
- Common ID and/or synchronized data would have increased efficiency and improved response times



USS Comfort

Critical Data Elements for DoD Data Sync

- Manufacturer Name
- Standard Item Part Number
- Low Unit of Measure



DoD Manufacturer Names for Ken

Mfg Name	# Mfg Items
KENDAL HEALTHCARE PRODUCTS	1
KENDAL LTP 1	
KENDALL 1	
KENDALL COMPANY 2	
KENDALL COMPANY LP 3340	
KENDALL HEALTHCARE 172	
KENDALL HEALTHCARE CO 43	
KENDALL HEALTHCARE COMPANY 4	
KENDALL HEALTHCARE PROD CO 38	
KENDALL HEALTHCARE PRODUCRS 1	
KENDALL HEALTHCARE PRODUCT CO 2	
KENDALL HEALTHCARE PRODUCTS 222	
KENDALL LTP 1	
THE KENDALL CO. LP 1	
THE KENDALL COMPANY LP 2502	
TYCO HEALTHCARE - KENDALL 7	

Industry Distributor Numbers for 3M Product #8630

Allegiance	- M8630
Owens & Minor	- 4509008630
BBMC-Colonial	- 045098630
BBMC-Durr	- 081048
Kreisers	- MINN8630
Midwest	- TM-8630
Pacific	- 3/M8630
UnitedUMS	- 001880

***Nearly every hospital has a different Product ID
for 3M 8630!***

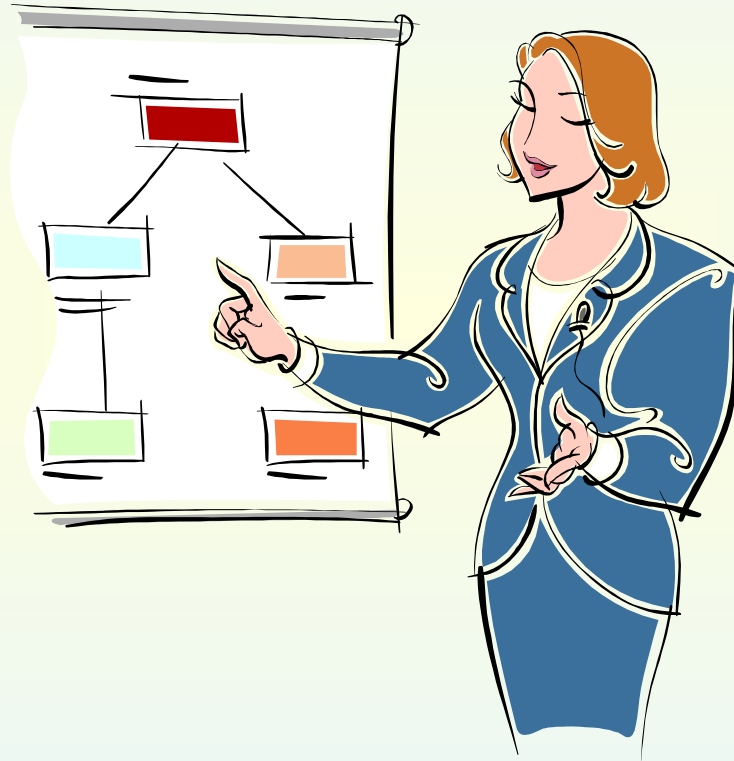
Industry Unit of Measures

DSCP*				Prime Vendor 1			Prime Vendor 2		
Mfr	Part #	Case SUP Qty	Case UOM		Case SUP Qty	Case UOM		Case SUP Qty	Case UOM
3M	1222-1N	18	CA		1080	CA		18	CA
3M	512	100	CA		2000	CA		2000	CA
BD	305903	500	CA		400	CA		400	CA

* Data Entered by Manufacturer

**10% of Packaging Data Provided to DSCP
by Manufacturers are Wrong or Incomplete**

DoD Goals



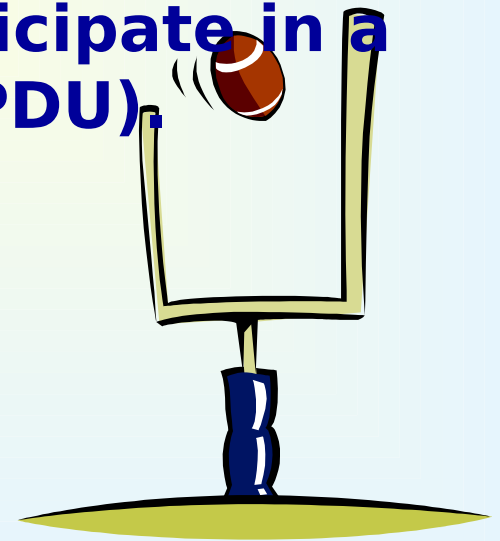
DoD/DSCP Data Sync Goals

➤ Create a single “Universal” Med/Surg Product Catalog

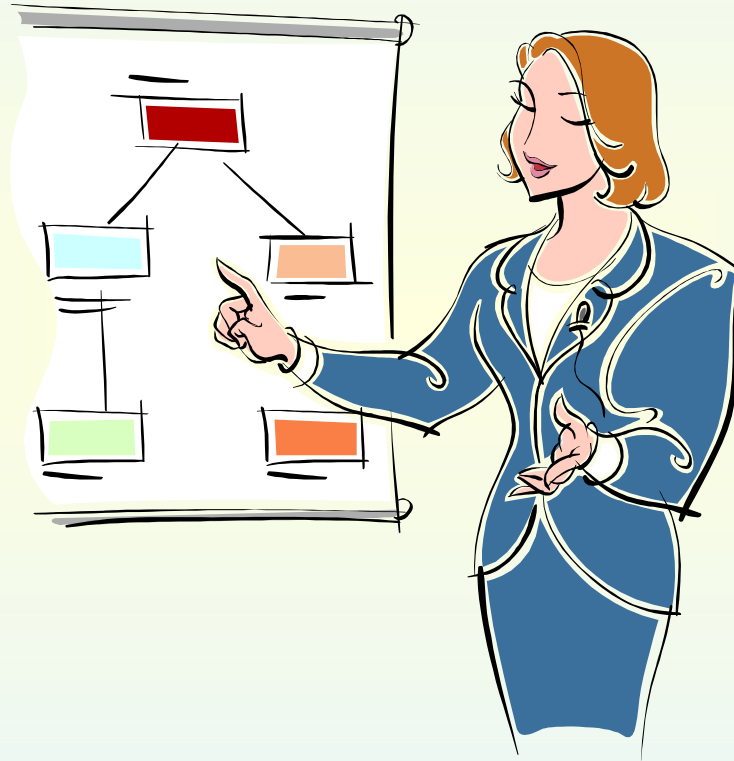
- Implement Synchronized Data Standards across the DoD
 - ✓ Develop and Implement a Medical Supplier Directory
 - ✓ Establish a Federal Data Synchronization Group

➤ Promote Data Synchronization with the supply chain partners and participate in a healthcare Product Data Utility (PDU).

- CHeS/HCEC
 - ✓ Feasibility study
 - ✓ Industry meetings
 - ✓ Active PDU committee
- DoD Pilot PDU (Proof of Principle)

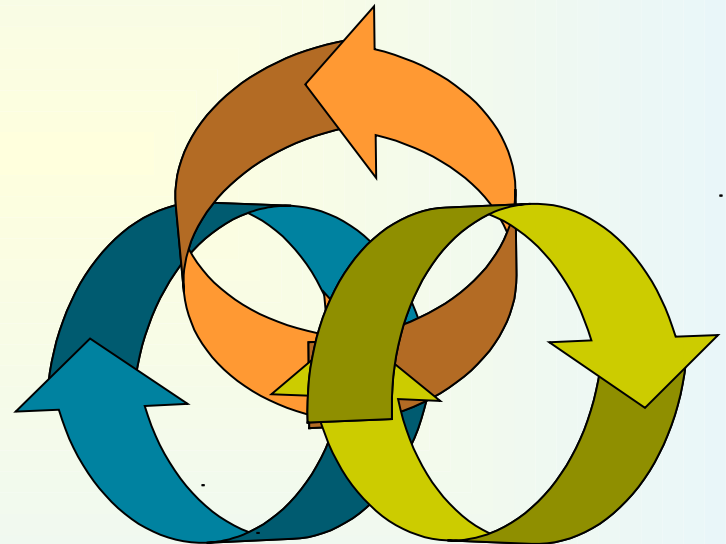


Federal Working Group



Federal Data Sync Working Group

- Army, Navy, AF, DMLSS, DSCP, VA, JMAR, JRCAB, ASD/HA
- Individual Projects
- Synergy Across Projects
- Forum for Education
- Monthly Meetings



Federal Data Sync Working Group

➤ Army/Air Force/Navy Projects

- Obtain Best DoD Price
- Increase PV and ECAT Use
- Reduce Local Purchase
- Eliminate Obsolete Items for Readiness Assemblages
- Match Commercial Items bought by AF

➤ Correlate purchasing for wartime to peacetime item use



Federal Data Sync Working Group

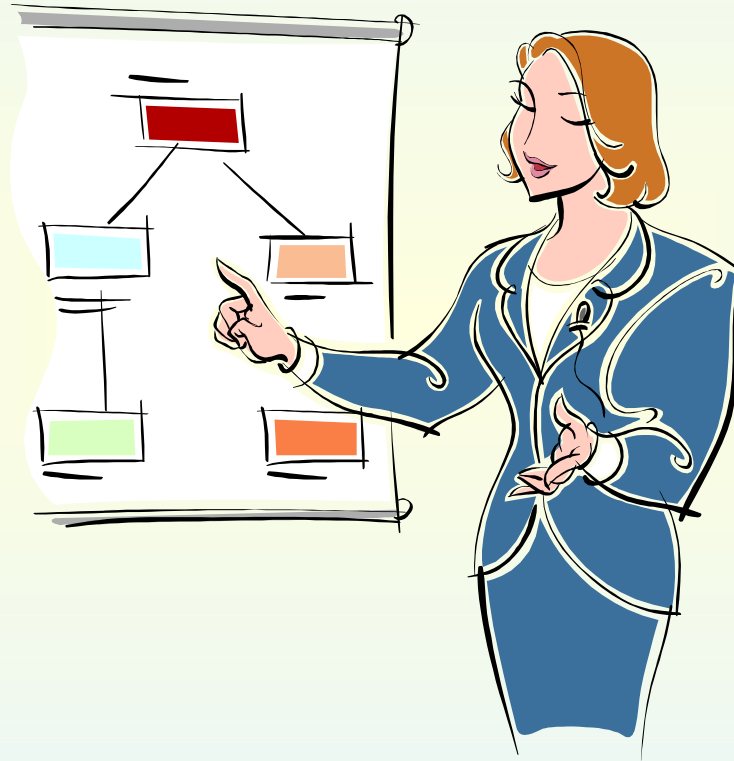
➤ DSCP

- Create 99% Accurate Product Database for
- Create Base Data Files for Service Projects
- Implement Common Manufacturer Name
- DoD Pilot PDU
 - ✓ Proof of Principle for Industry PDU
 - ✓ Industry Participation

➤ VA Project (Planned)

- Match NIF Items to DoD Pilot Data

Partnering with Industry



Coalition for Healthcare eStandards (CHeS)

➤ **Purpose**

- Work with established standards organizations to actively support the industry's effort to reduce supply chain costs and waste.
- Promote the development, adoption and implementation of uniform open standards for use in e-commerce.

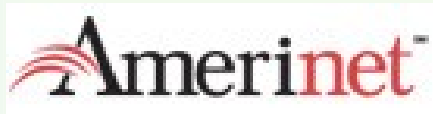
➤ **Guiding Principles**

- Promoting the adoption and use of open data exchange standards.
- Reducing costs and increasing efficiencies of the supply chain for all industry stakeholders.
- Accelerating industry-wide adoption of comprehensive data standards.



CHeS Membership

Core Members



Affiliate Members

- Agfa Corporation
- Becton Dickinson
- Cap Gemini Ernst & Young
- Cardinal Health Supplyline
- ECRI
- Lawson Software
- Medbuy

CHeS Projects

➤ **UNSPSC**

➤ **GLN**

➤ **Pharmacy**

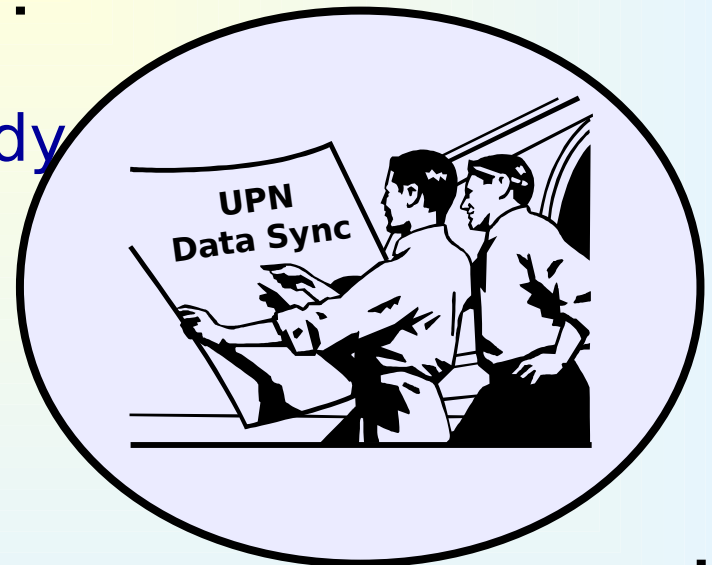
➤ **PDU**



www.chestandards.org

Data Synchronization

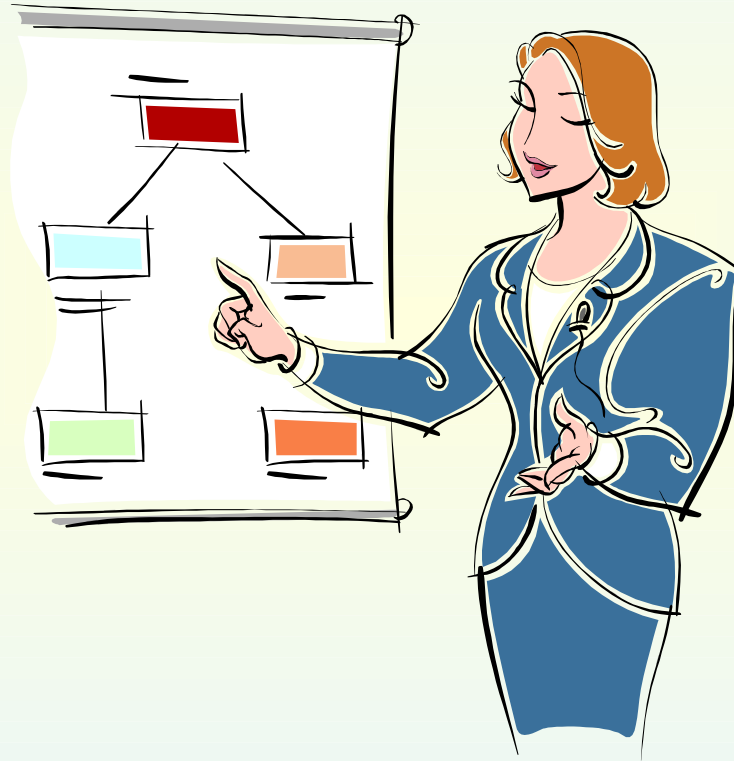
- DoD Interest in Supply Chain Data Synchronization
 - UPN Initiative
- DoD/HCEC Collaboration (Cos_tCap)
- CHeS/HCEC Collaboration
 - Industry PDU Feasibility Study
 - Active PDU Committee
 - Industry-Wide Meetings
- DoD Pilot PDU



Data Sync Approach

- PDU Facilitates Transition to Data Synchronization
- Data Synchronization Facilitates UPN
- Improved Efficiencies, Decreased Costs
- Lessons Learned from Other Industries (Retail, Grocery, Automotive)

Pilot PDU



DoD Pilot PDU

- **Synchronize Supply Chain Data**
- **Create Proof of Principle for Industry**
- **Determine Data Disconnects between Pilot Participants**
- **Develop Tools and Strategies to Market PDU**
- **Develop and Refine Product Information Standards**
- **Develop Pilot Audit Tool**
- **Determine Data Export Requirements for**

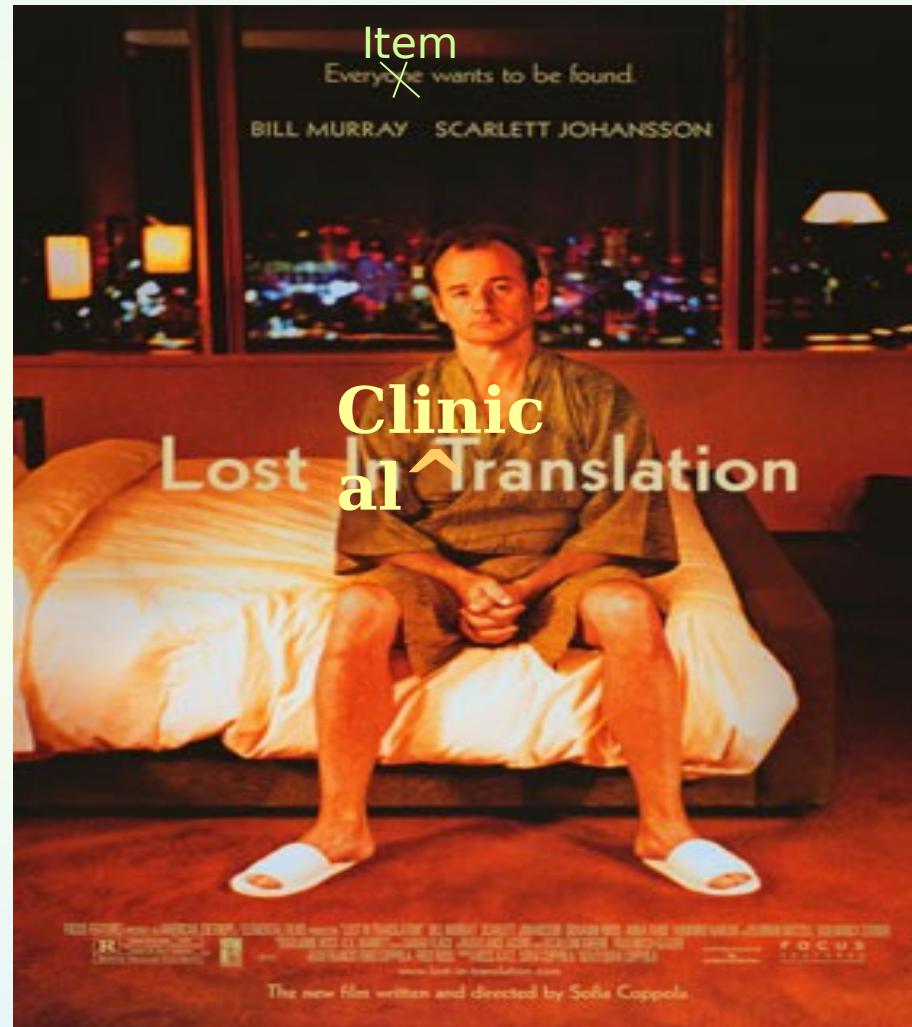
DoD Pilot PDU Current Industry Data Sync

Partners

- **Owens and Minor**
- **Cardinal**
- **BD**
- **Premier**
- **Consorta**
- **Comergent**
- **GHX**
- **SAIC**
- **Coalition for Healthcare eStandards**
- **Health Care eBusiness Collaborative**

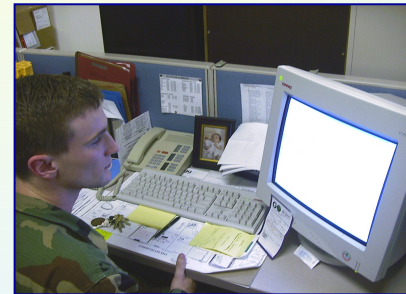


Customer Expectations



Customer Expectations

- Right Product
- Right Price
- Right Quantity
- On-time delivery
- Pertinent Product Information



Army Data Synchronization

- Clinicians drive the solutions!
 - Requests don't match supply chain data
 - Logistics Systems not “classification” oriented
 - Item descriptions not clinician friendly
 - Difficult for materiel managers to match requests to most available items
 - System Integration: DMLSS, POU, Operating Room Management, Physician Order-Entry, etc.
 - Happens in our hospitals...critical in deployed setting

Data Errors - Dirty Laundry

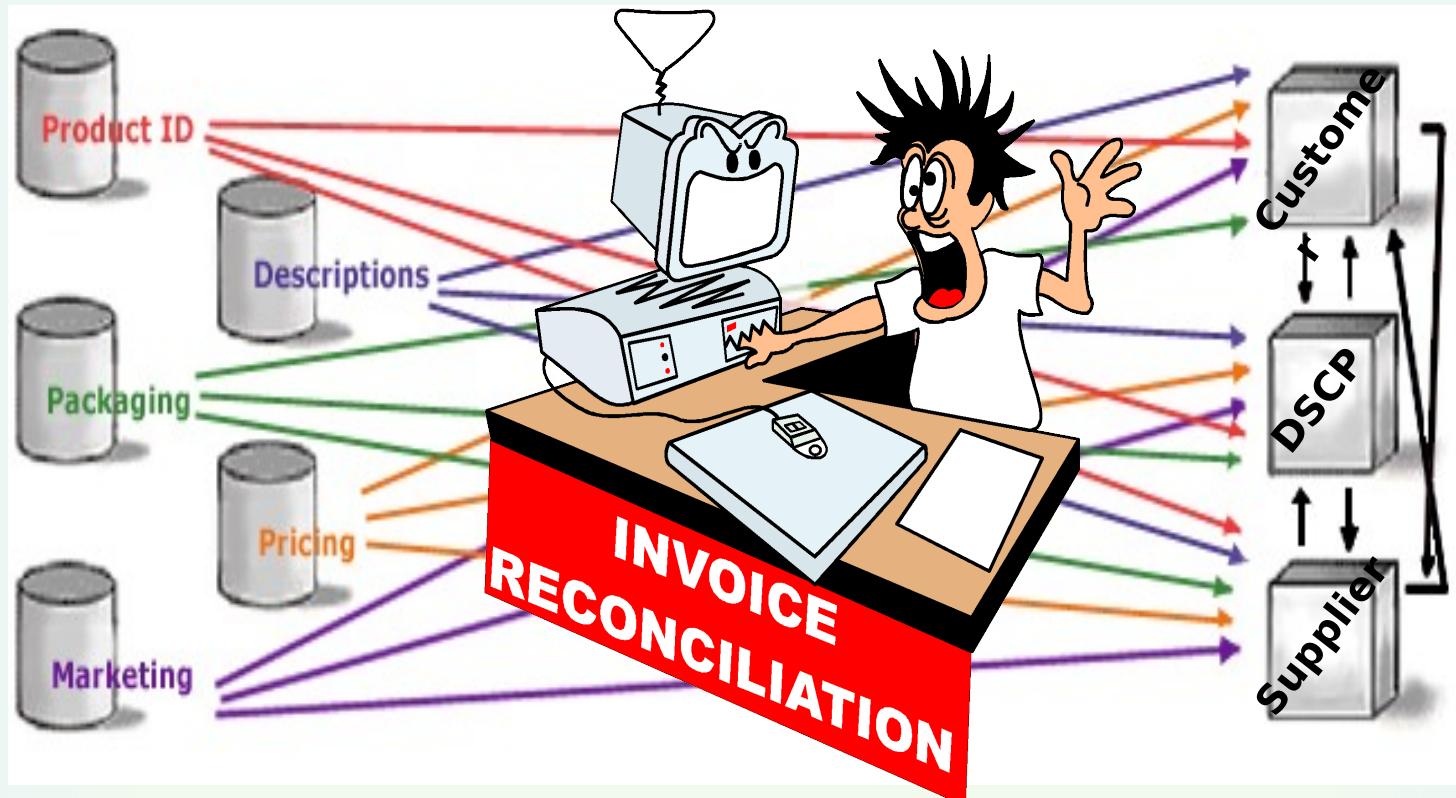


Problems Caused by Data Errors

- Product not available in Customer's system
- Customer can not find product
- Customer trying to buy obsolete products
- Pricing Errors
- Shipping Errors



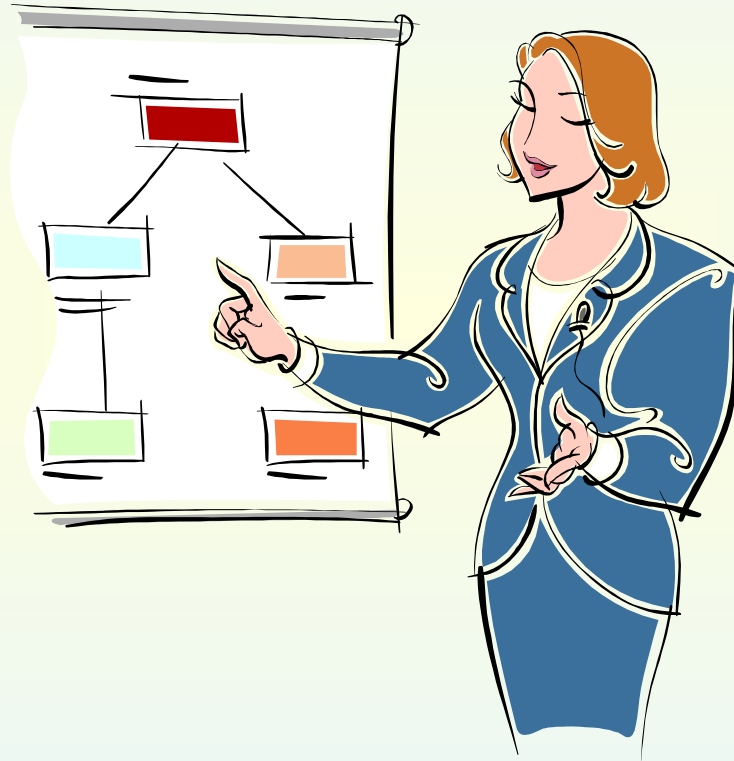
E-Commerce Without Data Sync



**60% of all invoices generated have errors;
each invoice error costs \$40-\$400 to
reconcile.**

Source – “Data Synchronization: What is Bad Data Costing Your Company?” Sterling Commerce White Paper, 2003 by John Stelzer

Cost of Bad Data



Industry Business Case for Data Syn

- Every single day, the healthcare supply chain wastes 24-30% of supply admin time correcting reducible data errors.
- \$2 to \$5 billion are lost each year due to supply chain information inefficiencies.
- Each erroneous transaction costs \$60-\$80 to correct.
- Erroneous data increases supply costs 3-5 %.

Source - "Data Synchronization: What is Bad Data Costing Your Company?" Sterling Commerce White Paper, 2003 by John Stelzer

Data Sync ROI Examples

- P&G Pilot w/H.E. Butt
 - 75% reduction in invoice discrepancies
 - 30% improvement in the number of accurate purchase orders received
 - 80% improvement in "speed to retail" for new items/price changes/ promotions (from 10 days to 2 days)
- Additional projected benefits:
 - Eliminate 30K to 50K hours per year in data entry
 - Reduce stock-out incidence by 10%
 - Save a minimum of \$25M a year.

Data Sync ROI Examples

➤ Wal-Mart w/P&G:

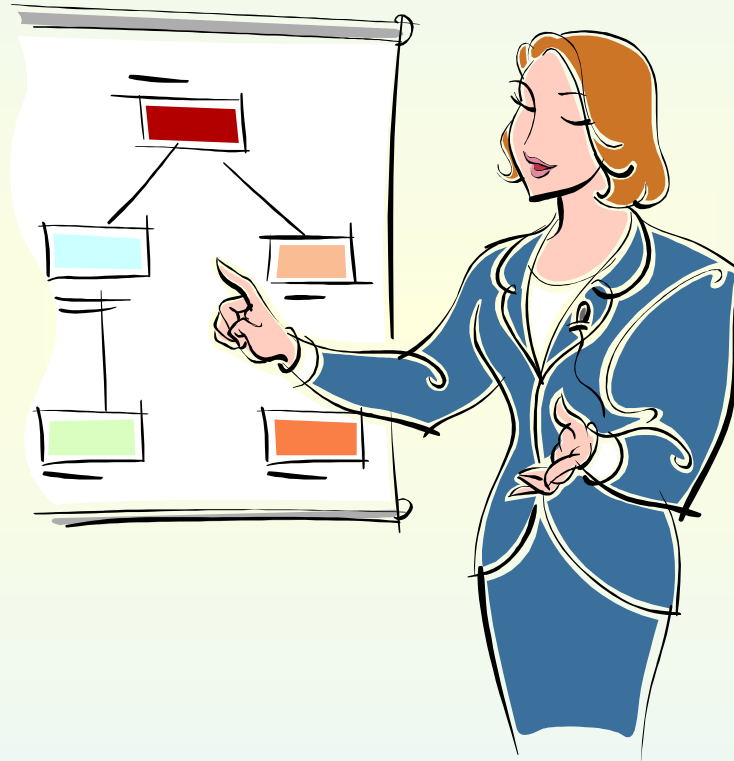
- Reduced data maintenance time from 15-30 days down to 1 day
- Achieved 98% up-to-date synchronization
- 15% increase in market share (up from 5% in new item introduction)

➤ In the food industry, Sara Lee reported:

- 59% reduction in cost mismatches
- Item mismatches were eliminated.
- Short pays down 86%
- Over pays down 81%
- Errors resolved in 2 days vs. 10-30 days

Source – “Data Synchronization: What is Bad Data Costing Your Company?”
Sterling Commerce White Paper, 2003 by John Stelzer

What's the Message?



Supply Information Problems

“It’s the Data Dummy!”

- Computers can’t deal with dirty or inconsistent data.
- EDI, EStandards & EBusiness won’t work with dirty data.
- Mishmash of data sources and formats is unmanageable.
- In the *E-Marketplace* timely and accurate product information is paramount.
- Moving erroneous information electronically is processing “garbage at the speed of light”

Lessons Learned

- e-Business Requires accurate, timely, synchronized data
- Yes – We do have Data Errors!
- Cleaning/Organizing Data takes time and resources
- Synchronizing Data can:
 - Reduce your transaction costs
 - Increase your sales

Benefits of Data Synchronization

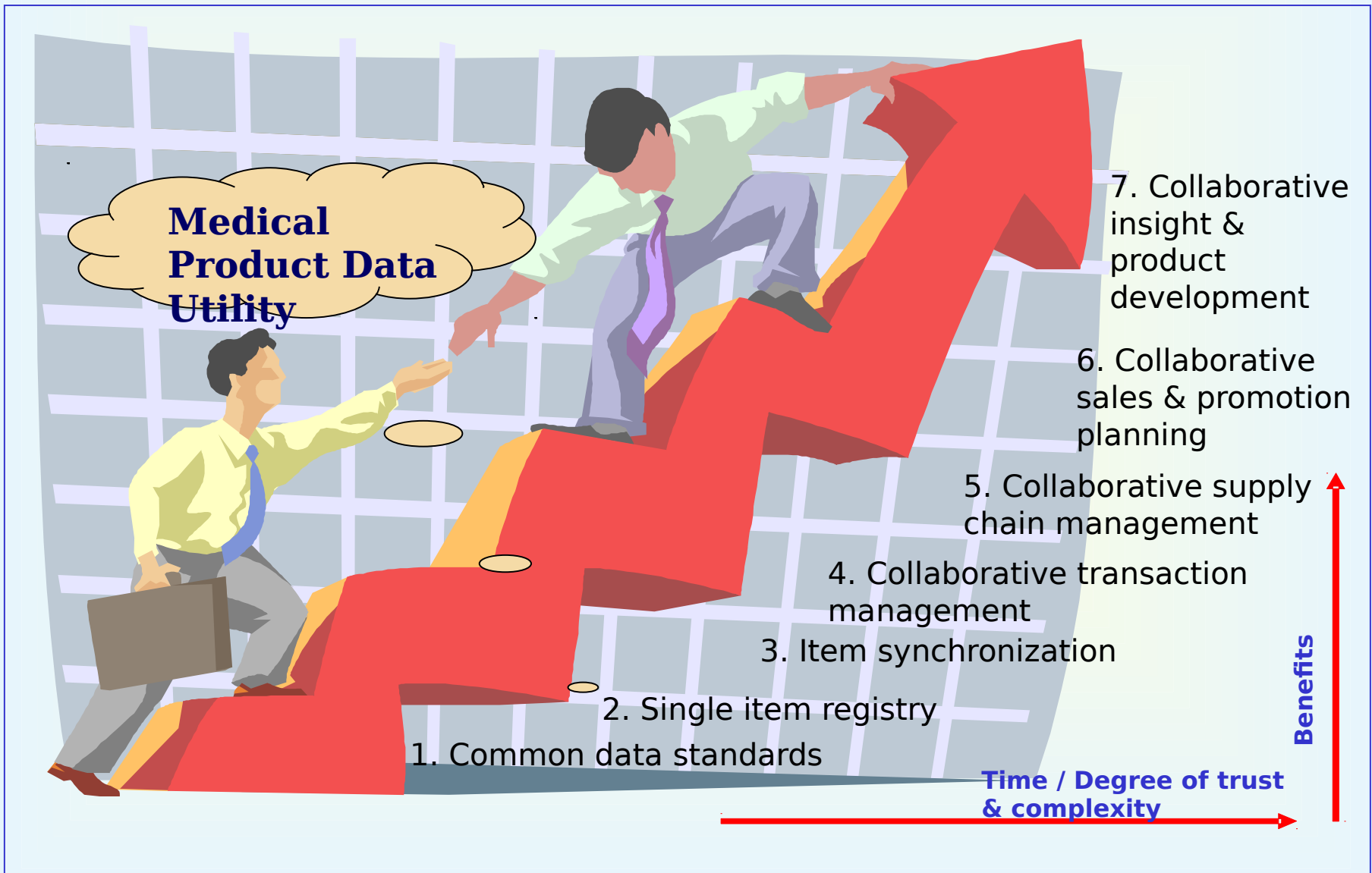
- Accelerated identification of new item data
- Estimated 20% fewer price errors
- Lower costs
- More accurate invoicing
- Increased PV sales
- Better Order Fulfillment on Readiness Items
- Improved patient safety
- Preparation for RFID

Data Synchronization & RFID

(What's the Connection?)

- You need clean and synchronized data to gain the benefits from RFID implementation.
 - The number used must correlate to “synchronized” details
 - Manufacturer name, part number, packaging data, etc.
 - Getting “in-sync” now will make RFID adoption easier

E-Collaboration



What's Next?

- Gain Commitment/Consensus from Supply Chain Members
- Form PDU Implementation Organizing Committee
 - Seeking Members from Across the Supply Chain



www.dmmonline.com



What I Want to Leave You With

DoD Supports CHeS/HCEC in
Creating an Industry Medical
Surgical Product Data Utility to
Help US Forces Win Both the ***War***
and the ***Peace.***

